

**BEFORE  
THE PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA**

**DOCKET NOS. 2019-185-E and 2019-186-E**

South Carolina Energy Freedom Act )  
 (H.3659) Proceeding to Establish Duke )  
 Energy Carolinas, LLC's and Duke Energy )  
 Progress LLC's Standard Offer Avoided Cost )  
 Methodologies, Form Contract Power )  
 Purchase Agreements, Commitment to Sell )  
 Forms, and Any Other Terms or Conditions )  
 Necessary (Includes Small Power Producers as )  
 Defined in 16 United States Code 796, as )  
 Amended) – S.C. Code Ann. Section 58-41- )  
 20(A) )  
 )  
 )  
 )

**JOINT PROPOSED LIST OF ISSUES  
PRESENTED BY THE SOUTH  
CAROLINA SOLAR BUSINESS  
ALLIANCE AND JOHNSON  
DEVELOPMENT ASSOCIATES**

Pursuant to the Public Service Commission of South Carolina's ("Commission") Order No. 2019-129-H, Intervenor South Carolina Solar Business Alliance, Incorporated ("SCSBA") and Johnson Development Associates, Incorporated ("JDA" and, together with SCSBA, "Intervenor") hereby present the following list of issues for Commission determination in these proceedings to implement the requirements of The Energy Freedom Act, Act No. 62 of 2019:

**ISSUES FOR DETERMINATION BY COMMISSION**

**Duke Energy bears the burden of proof in this proceeding**

**Avoided Energy**

1. Is it appropriate for Duke to use the Peaker methodology to calculate avoided energy rates?

Yes\_\_\_\_ No\_\_\_\_

2. Is it reasonable for Duke to use in its calculation of avoided energy rates a resource plan that does not reflect the accelerated retirement of coal units announced by DEC and DEP in their respective rate filings?

Yes\_\_\_\_ No\_\_\_\_

3. Should Duke be required, in future avoided cost filings, to rely on the most up-to-date information about unit retirements reasonably available to it?

Yes\_\_\_\_ No\_\_\_\_

4. Is Duke's modelling of DEP-East and DEP-West as a single balancing authority appropriate for the calculation of avoided energy rates?

Yes\_\_\_\_ No\_\_\_\_

- a. If not, how should Duke model DEP-East and -West for purposes of avoided energy calculations?

5. Has Duke adequately supported its proposed avoided energy rate design and pricing periods?

Yes\_\_\_\_ No\_\_\_\_

- a. Do the nine pricing periods proposed by Duke appropriately value the resources that are likely to generate during those periods, including solar?

Yes\_\_\_\_ No\_\_\_\_

- b. If Duke has not adequately supported its rate design, how should Duke adjust its pricing periods for the purposes of calculating avoided energy rates in this proceeding?

In future avoided cost proceedings?

Yes\_\_\_\_ No\_\_\_\_

6. Should Duke be required to include a fuel hedge value in its avoided energy rates, as proposed by SCSBA?

Yes\_\_\_\_ No\_\_\_\_

7. Should Duke be required to include avoided environmental costs, including coal ash management costs, in its avoided cost rates, as proposed by SCSBA?

Yes\_\_\_\_ No\_\_\_\_

8. Do the Standard Offer rates for the purchase of energy proposed by Duke fully and accurately reflect Duke's avoided costs?

Yes\_\_\_\_ No\_\_\_\_

### **Avoided Capacity**

9. Is it appropriate for Duke to use the Peaker methodology to calculate avoided capacity rates?

Yes\_\_\_\_ No\_\_\_\_

10. Capital Cost of Peaker Plant- Has Duke adequately supported the use of combustion turbine ("CT") units in the application of the Peaker methodology?

Yes\_\_\_\_ No\_\_\_\_

11. If not, what type of unit should Duke use, and what cost should be attributed to that unit?

12. Has Duke adequately supported its use of "economies of scale" to adjust the relevant EIA data and calculate the capital cost of the CT units?

Yes\_\_\_\_ No\_\_\_\_

13. Are Duke's methodology and calculations for the seasonal allocation of capacity values reasonable?

Yes\_\_\_\_ No\_\_\_\_

a. If not:

- i. what changes must Duke make to its seasonal allocation for purposes of calculating negotiated rates for Large QFs?

Yes\_\_\_\_ No\_\_\_\_

- ii. what changes must Duke make to its seasonal allocation calculation or methodology in the next avoided cost proceeding?

Yes\_\_\_\_ No\_\_\_\_

- iii. Is the seasonal allocation of capacity proposed by SBA reasonable for use in this proceeding?

Yes\_\_\_\_ No\_\_\_\_

14. Is it reasonable for Duke to use in its calculation of avoided energy rates a resource plan that does not reflect the accelerated retirement of coal units announced by DEC and DEP in their respective rate filings?

Yes\_\_\_\_ No\_\_\_\_

15. Do Duke's avoided capacity calculations accurately reflect Duke's first year of capacity need?

Yes\_\_\_\_ No\_\_\_\_

16. Should DEC's avoided capacity rate calculation reflect DEC's recently announced acceleration of coal unit retirements , which indicate the first capacity need in 2025 rather than 2026?

Yes\_\_\_\_ No\_\_\_\_

17. Do the Standard Offer rates for the purchase of energy proposed by Duke fully and accurately reflect Duke's avoided costs?

Yes\_\_\_\_ No\_\_\_\_

#### **Large QF Avoided Cost Rates**

18. Is it appropriate to require DEC and DEP to provide, at the reasonable request of a Large QF seeking to negotiated avoided cost rates with the utility, information necessary for the QF to

review the underlying assumptions, data, and results of Duke's calculation of rates for that project?

Yes\_\_\_\_ No\_\_\_\_

19. Has Duke adequately supported its proposal to calculate avoided cost rates for Large QFs (i.e. Non-Standard Offer QFs) using updated inputs at the time the Large QF's LEO is established?

Yes\_\_\_\_ No\_\_\_\_

20. If not, should Duke be required to offer the avoided cost rates approved in this proceeding to any Large QF during the current avoided cost vintage (i.e. until the next avoided cost proceeding)?

Yes\_\_\_\_ No\_\_\_\_

#### **Integration Charge**

21. Should the Partial Settlement Agreement entered into by Duke, SCSBA, JDA, and CCL/SACE on October 21, 2019 be approved?

Yes\_\_\_\_ No\_\_\_\_

22. Is the Partial Settlement Agreement reasonable for the purposes of this proceeding?

Yes\_\_\_\_ No\_\_\_\_

23. Does the Partial Settlement Agreement comply with applicable law, including S.C. Code Ann. § 58-41-20?

Yes\_\_\_\_ No\_\_\_\_

#### **Standard Form Power Purchase Agreements**

24. Is Duke's proposed Standard Offer PPA "commercially reasonable" as required by S.C. Code Ann. § 58-41-20(B)(2)?

Yes\_\_\_\_ No\_\_\_\_

25. Are the Standard Offer PPA terms agreed upon by Duke and Intervenors in this proceeding, listed below, reasonable and appropriate?

Yes\_\_\_\_ No\_\_\_\_

- A. Use of Duke's proposed "Material Alterations" definition, including language that Duke's consent will not be unreasonable withheld, conditioned, or delayed;
- B. Removing "estimated annual energy production" from Duke's definition of Existing Capacity;
- C. Adopting a modification to Duke's Storage Protocol whereby the QF is required to levelize the output of the overall Facility (solar plus storage) over the Capacity Hours, thereby avoiding the need for curtailment;

26. Is it commercially reasonable for changes to the Standard Offer PPA to apply retroactively to existing PPAs, as proposed by Duke, or should changes to the Standard Offer PPA apply only prospectively?

Yes\_\_\_\_ No\_\_\_\_

27. Is Duke's proposal to require a QF to be placed in service within 30 months of the date approving the rates available to the QF commercially reasonable?

Yes\_\_\_\_ No\_\_\_\_

28. If not, is it reasonable to provide that a QF be given day-for-day extensions on its in-service date for any delays attributable to the in-service date of these interconnection facilities, as proposed by SCSBA?

Yes\_\_\_\_ No\_\_\_\_

**Large QF Form Power Purchase Agreement**

29. Are the Large Form QF PPA terms agreed upon by Duke and Intervenors in this proceeding, listed below, reasonable and appropriate?

Yes \_\_\_\_\_ No \_\_\_\_\_

- A. Liquidated damages equal to the average annual estimated capacity payments under the Agreement over the Term for up to 15 MW and \$10,000/MW-AC thereafter;
- B. Adopting a modification to Duke's Storage Protocol whereby the QF is required to levelize the output of the overall Facility (solar plus storage) over the Capacity Hours, thereby avoiding the need for curtailment;
- C. Replacing PPA termination for failure to comply with confidentiality or publicity provisions of the PPA with liquidated damages but maintaining all legal remedies available as need be;
- D. Entering into a new or modified PPA agreement that is consistent with the Commission's Order;
- E. Including force majeure as a reason to extend the COD Milestone Date;
- F. Setting the COD Milestone Date at 90 days after the Interconnection Facilities and System Upgrades In-Service Date and allow for day-to-day extensions to account for any delays not caused by the Seller QF.

30. Is Duke's proposal to require the completion of a Facilities Study Agreement ("FSA") as a condition to signing a Large QF PPA commercially reasonable?

Yes \_\_\_\_\_ No \_\_\_\_\_

31. If not, should the Commission instead allow a QF to be able to form a LEO or execute a PPA within one year of filing its interconnection request, as proposed by SCSBA?

Yes \_\_\_\_\_ No \_\_\_\_\_

32. Should Duke be required to provide the QF a System Impact Study within 1 year of interconnection request (or an amount of time that is mutually agreeable between the buyer and seller), as proposed by SCSBA?

Yes\_\_\_\_ No\_\_\_\_

33. If not, should the PPA provide an offramp for QFs in the event that interconnection costs exceed \$75,000/MW-AC?

Yes\_\_\_\_ No\_\_\_\_

34. Should Duke be required to allow the use of surety bonds as a permissible form of performance assurance, as proposed by SCSBA?

Yes\_\_\_\_ No\_\_\_\_

**Notice of Commitment to Sell (“NoC”) Form**

35. Are the Notice of Commitment Form terms agreed upon by Duke and Intervenors in this proceeding, listed below, reasonable and appropriate?

Yes\_\_\_\_ No\_\_\_\_

A. Providing 10 Business Day cure period for Section 6.iii of the form (related to PPA termination for missing COD date, ceasing to have site control, or ceasing to be certified as a QF with FERC)

B. Removing Section 8 (“8. Seller will make the Company whole for any damages or expenses arising from Seller’s breach of any warranty, representation, or covenant in this Notice of Commitment.”)

36. Should the Commission adopt Duke’s proposal to require QFs to secure all required land-use permits prior to establishing a LEO?

Yes\_\_\_\_ No\_\_\_\_



37. Should the Commission adopt Duke's proposal to require QFs to place its facility in service within 365 days of executing the Notice of Commitment (NOC) form?

Yes\_\_\_\_ No\_\_\_\_

**Contract Length**

38. Is it appropriate for the Commission to approve PPAs greater than 10 years in length?

Yes\_\_\_\_ No\_\_\_\_

39. Should the Commission approve the following Intervenor proposals for contracts longer than 10 years provided by SCSBA and JDA:

A. Dispatchable CPRE-style PPA.

Yes\_\_\_\_ No\_\_\_\_

B. Ten year fixed term PPA with additional fixed term at then-current avoided cost.

Yes\_\_\_\_ No\_\_\_\_

**Other**

40. Should the standard offer, avoided cost methodologies, form contract power purchase agreements, commitment to sell forms, and terms or conditions approved by the Commission in this proceeding be applied retroactively to all small power producers that established a Legally Enforceable Obligation on or after November 30, 2018, as Duke proposes?

Yes\_\_\_\_ No\_\_\_\_

41. Should the standard offer, avoided cost methodologies, form contract power purchase agreements, commitment to sell forms, and terms or conditions approved by the Commission in this proceeding go into effect in the first billing cycle after the Commission's Order is entered, as proposed by SCSBA?

Yes\_\_\_\_ No\_\_\_\_